

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Implement
Registration of Third Party Natural Gas
Procurement Service Providers, Known as
"Core Transport Agents," pursuant to Public
Utilities Code Sections 980-989.5 to Regulate
non-rate matters, including Registration
Standards, Complaint Resolution Practices,
and Minimum Standards of Consumer
Protection.

Rulemaking 14-03-002
(Filed March 13, 2014)

**JOINT COMMENTS OF
PACIFIC GAS AND ELECTRIC COMPANY (U39G),
SOUTHERN CALIFORNIA GAS COMPANY (U904G),
SAN DIEGO GAS & ELECTRIC COMPANY (U902G), AND
SOUTHWEST GAS CORPORATION (U905G)
ON THE PHASE TWO SCOPING MEMO AND RULING OF
THE ASSIGNED COMMISSIONER AND ADMINISTRATIVE LAW JUDGE**

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Attachment A

Illustrative Examples of IOUs Written Notices per Section 986

Attachment B

Southwest Gas’s Security/Deposit/Bond Calculation (from Section II.F)

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I. INTRODUCTION

Pacific Gas and Electric Company (PG&E), Southern California Gas Company (SoCalGas), San Diego Gas & Electric Company (SDG&E), and Southwest Gas Corporation (Southwest Gas) (collectively, the “Joint Utilities”) submit these opening comments in response to the *Phase Two Scoping Memo and Ruling of the Assigned Commissioner and Administrative Law Judge* regarding consumer protection for customers served by Core Transport Agents (CTAs) issued on February 28, 2017 (Ruling). The Joint Utilities appreciate the careful review included in the Ruling of the remaining items requiring Commission attention, and the Joint Utilities provide comments designed to enhance consumer protection for CTA customers. Areas of particular importance include development of a thorough and transparent customer notice, calculation and provision of adequate financial protection for customers in the event of a CTA default, and other measures to deter and address unwanted or misleading marketing tactics. These items are discussed in more detail in the sections below.

II. DISCUSSION

The Ruling identified nine key areas for comment based on the requirements of Senate Bill (SB) 656 (Statutes of 2013, Chapter 604) which established Public Utilities Code Sections

980 to 989.5.¹ The Joint Utilities address each of these nine main categories in turn. In addition, the Ruling does an exemplary job of calling out a number of questions regarding the many facets of these main topics. The Joint Utilities respond to many of the questions in the subparts of the Ruling. Given that this is the beginning of Phase Two and additional items may come to the forefront as the proceeding progresses, the Joint Utilities request the ability to provide additional input or detail as the proposals develop.

A. Pursuant to § 986, the CTAs are to Provide Potential Customers with Uniform Written Notices that Describe the Price, Terms, and Conditions of Service. (D.14-08-043, at 24-26.)

One key provision of SB 656 is the requirement that customers and potential customers of CTAs have available a written notice of the price and terms of each CTA's services so they can readily compare the offerings of different gas commodity providers. The Ruling asks for direct input on this item.² This is very important to consumer protection, and the Joint Utilities support full implementation of standardized written notices as previously relayed in the Joint Utilities' April 18, 2014 response to the Order Instituting Rulemaking (OIR) opening this proceeding. Given the importance of this item, the Joint Utilities' reiterate their earlier position, with minor tweaks, in response to the Ruling.

SB 656 is designed to extend specific consumer protection provisions to core gas customers, who are increasingly the targets of aggressive marketing efforts by CTAs. Among the most specific of these provisions are the requirements of Section 986 (a)(1)(A) and (B), stating that CTAs shall provide a written notice to potential customers describing the CTA's offered price, terms, and conditions of service, including:

- (A) *The price of gas expressed in a format that makes it possible for core gas customers to compare and select among similar products and services on a standard basis. The commission shall adopt rules to implement this subdivision. The commission shall require disclosure of the total price of gas on a cents-per-therm basis, including the costs of all gas services and charges regulated by the commission. The commission shall also require estimates of the total monthly bill for the gas service at varying consumption levels,*

¹ All section references are to the California Public Utilities Code unless otherwise noted.

² Ruling, p. 36

including the costs of all gas services and charges regulated by the commission. In determining these rules, the commission may consider alternatives to the cents-per-therm disclosure if other information would provide the customer with sufficient information to compare among alternatives on a standard basis.

(B) Separate disclosure of all recurring and nonrecurring charges associated with the sales of gas.

The Ruling's questions indicate that the Commission intends to adopt rules implementing the express language of the statute, i.e., to require disclosure by CTAs of the total price of gas on a cents-per-therm basis, and seeks input on the format of the CTAs' disclosures. The Joint Utilities urge the Commission to develop a standard format for the disclosure so that it may be used for posting on the Commission's website for side-by-side comparisons with the total price of gas offered by other CTAs and the respective utility, as discussed below, and to specify that the information provided by the CTAs is subject to audit by the Commission.

The gas services that should receive separate line items in the calculation of the total price of gas are: (1) the rolling twelve-month average commodity cost of gas, in cents per therm; (2) the baseline transportation charge, in cents per therm; (3) the customer charge, including all charges other than the commodity cost of gas, such as the transportation charge, and applicable taxes and surcharges, in dollars per meter per day; (4) whether the gas price term is monthly or annual; (5) whether the 20% CARE discount is offered to eligible customers; (6) whether the offered rate is an introductory offer; (7) the minimum term of the contract; and (8) whether an early termination fee may apply.

Please see the illustrative examples in Attachment A, including those from SoCalGas and PG&E³, first shared in the Joint Utilities' April 18, 2014 pleading response, along with a newly added example from Southwest Gas, showing the level of detail and separate line items that the Commission should require the CTAs to provide.

³ The April 18, 2014 versions for SoCal Gas and PG&E were slightly modified to remove the current or previous month's gas price column since it is now proposed that these forms be updated twice a year rather than monthly.

In addition to the approach outlined above, the Ruling asked a number of specific questions regarding the consumer notice. The Joint Utilities address a number of these in the following subsections.

1. Notice of CARE Discount

The Joint Utilities offer qualifying customers a CARE discount on monthly gas service and commodity charges consistent with Section 739.1. As reflected in the consumer notice examples in Attachment A, CTAs should be required to disclose to prospective customers whether a CARE discount will be offered by the CTA on its gas charges to allow consumers to compare pricing and make an informed decision as to the purchase of its gas supply.

2. Provide additional notice of terms

For PG&E, implementation of Decision (D.) 16-06-056 in PG&E's 2015 Gas Transmission and Storage rate case will broaden the amount of customer information to be released to the CTA. To reflect this, the written notice to customers in PG&E's service territory should include language providing that, as a condition of receiving core gas aggregation service, the utility is authorized to release to the CTA, the customer's billing and payment information including any negotiated payment plans entered into by the customer and utility for payment of any past-due or delinquent charges.⁴

These requirements do not apply to SDG&E, SoCalGas, or Southwest Gas.

3. Comment on if the semiannual provisioning of this notice to the Commission, as provided for in section 986(b), is sufficient

The Joint Utilities support a semi-annual update of the consumer notice by CTAs since it could be scheduled to correspond with summer and winter average price points.

4. Comment on implementation of Section 986(c)

Section 986(c) requires a CTA, at the request of the consumer, to disclose in writing the reason the CTA denied service:

⁴ D. 16-06-056, pp. 388 -389.

- (c) *Any core transport agent offering gas services who declines to provide those services to a consumer shall, upon request of the consumer, disclose to that consumer the reason for the denial in writing within 30 days. At the time service is denied, the core transport agent shall disclose to the consumer his or her right to make this request. Consumers shall have at least 30 days from the date service is denied to make the request.*

If a consumer makes a request to a prospective CTA and is denied an explanation or is unsatisfied with the explanation, the consumer should be permitted to make an informal complaint to the Commission's Consumer Affairs Branch (CAB) or a formal complaint through the formal complaint process to be established consistent with Section 986(b).

5. Input on workshops

A key consumer protection measure is the development of a disclosure that provides both existing and potential CTA customers with CTA pricing information in a manner that allows them to understand all charges due and compare between various service provider choices. The Joint Utilities recognize that the CTAs' gas commodity pricing products are not regulated by the Commission and its disclosure, even in the general terms suggested by the Joint Utilities, may be the subject of differing positions. A workshop hosted by the Energy Division would allow all parties to have a forum to express their viewpoints and identify a path forward to reach resolution on any points of disagreement.

6. CTA registration fees

The Commission should consider collecting a fee from CTAs to recover the costs associated with administering its CTA registration and consumer protection program. These costs include staffing and business-related expenses to support the Commission's customer complaint process and oversight of the CTAs' written notices and gas commodity pricing products; administrative and web hosting expenses for on-line posting of CTA gas commodity pricing information, and expenses incurred to issue public communications and public alerts concerning CTAs. The amount of the fee due from each CTA should be determined on a sliding scale based upon the CTA's market share, and be assessed and collected by the Commission on a semiannual basis.

At the conclusion of this Proceeding, once all the roles and responsibilities at the Commission have been established, the Commission should reassess whether the current registration fee of \$100 is adequate to cover the costs associated with administering the CTA registration and consumer protection program.

7. Process for updating information

CTAs should be required to submit to the Commission, on a semi-annual basis, updated pricing information as well as notice of any changes in the terms of service. Failure to timely submit pricing information should result in some serious consequence such as the suspension of the CTA's ability to enroll new customers for a minimum of 30 days or until resolved, or some similar measure.

8. No need for two forms

As long as the notice and informational requirements set forth in Sections 984.5(a) and 986(a) are satisfied, the Joint Utilities are not opposed to the CTAs' use of a single written notice for compliance for each utility's service territory.

9. Alternate language availability

For guidance, the Commission could look to Section 1632 of the Civil Code. In addition to English, the required CTA information and notice should be made available in alternative languages, such as Spanish, Chinese, Tagalog, Vietnamese, and /or Korean based on the demographics of the respective service territory and consistent with the language offerings provided by the serving utility.⁵

⁵ CA Civil Code section 1632(a)(3) provides in pertinent part: According to data from the American Community Survey, which has replaced the decennial census for detailed socioeconomic information about United States residents, approximately 15.2 million Californians speak a language other than English at home, based on data from combined years 2009 through 2011. This compares to approximately 19.6 million people who speak only English at home. Among the Californians who speak a language other than English at home, approximately 8.4 million speak English very well, and another 3 million speak English well. The remaining 3.8 million Californians surveyed do not speak English well or do not speak English at all. Among this group, the five languages other than English that are most widely spoken at home are Spanish, Chinese, Tagalog, Vietnamese, and Korean. These five languages are spoken at home by approximately 3.5 million of the 3.8 million Californians with limited or no English proficiency, who speak a language other than English at home.

B. Address Minimum Standards for Consumer Protections, the Notice of Terms and Conditions, Marketing Practices, Reentry Fees, and the Definition of Involuntary Return. (D.14-08-043, at 2-3, 25-26, 33.)

The Ruling asks a number of specific questions regarding the terms and conditions of CTA service, marketing practices of CTAs, reentry fees and related issues. The Joint Utilities respond to a number of these issues below and, where applicable, reiterate their positions expressed in previously filed comments in this proceeding.

1. How is a change in provider communicated?

PG&E's gas customers are currently sent a courtesy notification letter when the automated Direct Access Service Request (DASR) is accepted moving the customer to CTA service. Given the increase in other means of communication such as access to online information or email, PG&E may determine that another approach makes more sense. Both SDG&E and SoCalGas send a customer letter of CTA DASR acceptance, providing gas program effective date and CTA contact information.

Southwest Gas is notified of customer enrollment in core transport service by the CTA or the customer. Upon receipt of such notice, Southwest Gas contacts the customer directly by telephone, in person or in writing and verifies the customer's election to move to core transport service. Additionally, and as a condition to the CTA enrollment of any customer, the CTA seeking to aggregate core loads is required to provide to Southwest Gas a completed *Utility Authorization for Core Aggregation Transportation Service* executed by the customer identifying each applicable meter location and authorizing the CTA to act on the customer's behalf.⁶

2. How should the Commission confirm verification of customer consent to move to CTA service?

The Joint Utilities support continuation of the current process provided for in Section 366.5.⁷

⁶ See Southwest Gas CA Gas Tariff, Rule No. 21 (Form No. 881.0).

⁷ Southwest Gas notes that Section 366.5 is not applicable to them, however the process for notification and verification should continue to be as set out in Section 1 above.

3. What additional rules should the Commission consider in addition to Section 985 (a) through (g)?

a. Customer confidentiality is a key concern

Section 985 (a) states:

Customer information shall be confidential unless the customer consents in writing. This shall encompass confidentiality of customer-specific billing, credit, or usage information. This requirement shall not extend to disclosure of generic information regarding the usage, load shape, or other general characteristics of a group or rate classification, unless the release of that information would reveal customer-specific information because of the size of the group, rate classification, or nature of the information.

The Commission should adopt confidentiality rules that require CTAs to be on the same footing as other third party suppliers such as Community Choice Aggregators and Electric Energy Service Providers (CCAs and ESPs) with regard to the protection of customer information.⁸ CTAs should be required to protect and maintain the confidentiality of customer data and information in a similarly rigorous manner.⁹

b. Customer billing format

The Joint Utilities continue to support the position they expressed earlier in this proceeding and urge the Commission to develop a standardized billing format for CTAs.¹⁰ The approved format should permit a comparison of the price of gas on a cents per therm basis consistent with the discussion in Section A above and as provided in Sections 985 and 986. The utility bill formats used by each of the Joint Utilities, including utility consolidated bills used by

⁸ See, Decision Extending Privacy Protections to Customers of Gas Corporations and Community Choice Aggregators, and to Residential and Small Commercial Customers of Electric Service Providers, R.08-12-009, D.12-08-045 (Adopting customer privacy protections for customers of CCAs and ESPs).

⁹ See, Decision Authorizing Provision of Customer Energy Data to Third Parties Upon Customer Request, A.12-03-002, D.13-09-025, pp. 44-45; 68-69 (Ordering Paragraph 19) (adopting criteria to “ensure that a third party provides the basic information by which it can be accountable for the customer’s data which it received and has the technical competence to process the data.”) These criteria include that a CTA demonstrate the technical ability to receive data and to acknowledge receipt of utility tariffs governing customer usage data privacy).

¹⁰ Joint Utilities April 18, 2014 comments, Section III.4.a., pp. 21-24.

PG&E, SoCalGas, and SDG&E, conform to the CPUC-approved requirements for the overall utility bill, and the Joint Utilities urge that the utility bill format not be revised in this proceeding.¹¹

c. Additional consumer protections

As relayed in previous submittals, and as permitted by Section 985 (h), there may be additional CTA customer consumer protections the Commission may want to consider in this proceeding. These include a number of specific rules previously proposed by the Joint Utilities¹² addressing door-to-door marketing, telemarketing and any other sales or marketing channels utilized by a CTA, its employees, sales representatives, agents, independent contractors consultants, brokers, or other persons engaged by a CTA to solicit customers (collectively “CTA or its agents”) as follows:

1. A CTA or its agents must not directly or indirectly represent itself in any manner as an employee, affiliate, subcontractor, or agent of the utility;
2. A CTA or its agents must not directly or indirectly represent it is marketing a utility product or service;
3. A CTA or its agents must not directly or indirectly represent or imply that their CTA program or its services are endorsed or approved by the utility;
4. A CTA shall be held liable for all actions taken by its agents that violate the consumer protections adopted by the Commission and may be subject to suspension or revocation of a CTA’s registration for such violations;
5. A CTA shall conduct a criminal background investigation, including a check of the Megan’s Law registry, for all individuals that it hires as its agents to conduct door- to-door marketing and sales activities for a CTA;
6. For door-to-door marketing and sales activities, a CTA or its agents must prominently display identification on the front of their outer clothing that identifies them as employees or agents working on behalf of the CTA they are representing; a CTA or its agent must provide the customer with a business card that clearly identifies the name of the CTA on whose behalf the agent is

¹¹ Southwest Gas does not offer utility consolidated bills.

¹² Joint Utilities April 18, 2014 comments, Section III.3.a.,pp. 18-20.

conducting marketing and sales activities, and the agent's own name and identification number even if the customer doesn't request this information;

7. For telephonic solicitations conducted by a CTA's agents, the agent must provide the customer with his or her name, his or her identification number, and the name of the CTA on whose behalf the agent is calling even if the customer doesn't request this information;
8. A CTA must allow the Commission an opportunity to review and comment on its marketing materials and scripts for residential and small commercial customers at least 10 calendar days before the CTA intends to use them and the CTA or its agents may not use a mock utility bill as part of its sales solicitation materials;
9. A CTA must comply with all local ordinances before its employees or agents begin door-to-door marketing;
10. Door-to-door marketing and telephone marketing must be performed between 9:00 A.M. & 8:00 P.M. unless a local ordinance has more stringent restrictions;
11. A CTA must provide the utility with a minimum of five days advance notice of its door-to-door marketing schedule and the locations within the utility's service area where it intends to conduct such activities; the utility would only use this information to inform its customer service representatives to enable them to respond to any customer inquiries concerning the marketing activity;
12. A CTA must provide its training materials and training records of its employees or agents to the Commission upon request; and
13. The Commission should develop a quality assurance procedure to ensure that a CTA or its agents are following its training materials for door-to-door and telephonic marketing activities, e.g., the Commission may consider conducting periodic, phone surveys for a random sample of customers that were solicited on a specific date and by door-to-door or telephonic channels to evaluate a CTA's training program and to ensure that its employees or agents are providing accurate and complete information to customers.

4. Re-entry fee proposal

The Joint Utilities support the adoption of a re-entry fee to be paid by the CTAs to cover the administrative cost associated with the return of a CTA customer to the utility for gas commodity service.

PG&E is proposing a re-entry fee of \$4.24 per customer account which represents the administrative cost to process an individual customer's request to return to bundled gas service

(roughly 4 minutes at \$57.89/hour) plus paper and postage (\$0.40) for the customer notification letter.¹³ The processing time includes the following:

- Customer's written request is received and processed by the Mail Room.
- Customer Service Representative verifies customer service account information is valid and complete.
- If customer information is valid and complete, a DASR would be created in PG&E's Billing System.
- If the customer information is incorrect or incomplete, call placed to customer to get needed information.
- Electronic storage of customer request.

SDG&E is proposing a re-entry fee of \$1.12 per customer account which represents the administrative cost associated with an automated process, known as a DASR, which SDG&E has established for addressing service requests for both electric and gas customers. The cost components include: (a) processing an individual customer's request to return to bundled utility gas service (67 cents); (b) paper and postage handling for the customer notification letter (43 cents); and (c) contribution for the recovery of fixed assets such as computers and other equipment involved in this process (2 cents). A re-entry fee has already been established by the Commission applicable to SDG&E electric customers returning to bundled utility electric services under SDG&E's community choice program (see SDG&E Schedule CCA). Since SDG&E would utilize the same process for CTA customers returning to utility bundled gas services, then it makes sense to apply the same fee for this service.

SoCalGas proposes a re-entry fee of \$5 per account to reflect its administrative portion of costs for the processing of CTA gas service requests. Unlike PG&E and SDG&E, SoCalGas does not have a ready-made electric equivalent re-entry fee to use as a proxy. In the interim, SoCalGas reiterates its support for a \$5 fee as proposed in the Joint Utilities April 18, 2014 opening comments in this case.

¹³ This proposal tracks the fee in PG&E's CCA services tariff, Electric Schedule E-CCA5.b. Customer Re-Entry

Southwest Gas proposes a re-entry fee of \$8.28 per meter to cover the administrative expense associated with the return of a CTA customer to bundled gas service. Based on Southwest Gas' systems and operations, the re-entry fee represents the labor costs for both an out-of-cycle meter read (roughly 5 minutes at \$54.05/hour) and to process required account changes within the billing system (roughly 5 minutes at \$45.31/hour).

C. Develop a Complaint Tracking and Resolution Process to Resolve Complaints Against Registered CTAs Consistent with §§ 983 and 984.5(a). (D.14-08-043, at 45.)

The Joint Utilities position on this topic remains unchanged from their previously filed comments.¹⁴ The Commission's Consumer Affairs Branch (CAB) has an established process for the resolution of informal complaints received from customers. The Commission should similarly make this process available to customers with complaints regarding CTAs consistent with Section 983 (a). The CAB can play a critical role in assisting CTA customers with concerns regarding compliance by the CTAs with SB 656 requirements and directing customers to the CTA for issues outside the CPUC's jurisdiction.

The Joint Utilities believe that customers with complaints regarding CTAs should have additionally the option to file a formal complaint with the CPUC against a CTA consistent with Section 983 (b). The Joint Utilities further believe that the assistance and services offered by the Public Advisor's Office should also be available to assist the CTA residential and small business customers with the formal complaint process.

The Commission should work with the utilities and CTAs to establish a standardized reporting process for CTA complaints, including distinct complaint categories, and a timeframe for reporting all CTA customer complaints received by the utilities and CTAs to the Commission. This will assist the Commission in meeting its obligation under Section 983 (a) to "accept, compile, and attempt to informally resolve" complaints regarding CTAs.

¹⁴ See Joint Utilities April 18, 2014 comments, pp. 16 – 17.

1. Proposed citation program

The Joint Utilities are not opposed to a citation program for the CTAs that could be similar in form and function to the Gas and Electric Safety Citation Program.

2. Escrow account

Section 983(d) provides that a CTA shall not discontinue service to a customer for a disputed amount if the customer has filed a complaint that is pending before the Commission, and the “customer has paid the disputed amount into an escrow account.” The Commission already has an escrow process in place to handle a disputed amount that is the subject of a complaint proceeding, and the disputed amount is deposited with the Commission. The Scoping Memo recommends that a decision in Phase 2 should make clear that if a CTA customer deposits the disputed amount with the Commission when the complaint is filed, the CTA is prevented from discontinuing service to the customer until a decision is rendered regarding the outcome of the complaint.

The Joint Utilities support an escrow process to handle a disputed amount that is similar to an escrow process for complaints filed against a utility.

D. Ensure that the Provisions Associated with the § 983.5 Process for Suspension and Revocation of the CTA’s Registration be Developed, and Incorporated, as Appropriate, into the Commission’s Rules of Practice and Procedure. (D.14-08-043, at 11-13, 45.)

The current CTA registration process is working well. At this time, the Joint Utilities do not have further suggestions apart from the discussion in the sections below concerning the implementation of a deposit/bond requirement. The Joint Utilities additionally support the Ruling’s proposed process for revocation of a CTA’s registration.¹⁵ With regard to a customer’s right to cancel, the Joint Utilities would support making an additional communication channel available to customers seeking cancellation. Specifically, customers should be permitted to give verbal notice to the CTA that they wish to cancel by contacting the CTA’s designated customer

¹⁵ Ruling, Section 2.2.3., pp. 10-11.

service contact. The CTA could then submit notice of this cancellation to the respective utility in compliance with the utility's procedures for returning a CTA customer to bundled service.

E. Develop consumer information processes and opt-out list requirements consistent with §§ 983, 984 and 987. (D.14-08-043, at 45.)

Customers continue to contact their utility with complaints about unwanted marketing contacts from CTAs. To meet the requirements of SB 656 and address this ongoing concern the Joint Utilities suggest implementation of the following procedures:

- Coordination with the Commission's Information Technology Services Branch to host a secure website where customers can request that they be included on the CTA opt-out/do not contact list.
- The list should be accessible electronically to the Joint Utilities and CTAs.
 - The list should be updated periodically, but no less than quarterly.
 - The list should include sufficient information to identify customers who do not wish to be solicited, including the customer's address and telephone number.
 - When a customer on the do not contact list notifies their utility to let them know that a CTA has contacted them, the utility will relay this information to the Commission and the offending CTA will be subject to a fine.
 - The utility will inform customers who contact the utility with concerns about CTA marketing activities about the availability of the do not contact list and will direct customers to the appropriate Commission website to process a request to be added to the list.

The Joint Utilities would support Commission adoption of a fee or fine to be assessed against CTAs that contact customers on the do not call list. The fee or fine may be designed to cover the costs incurred by the Commission in investigating any violations and a portion could be designated for payment directly to customers.

F. Determine the appropriate amount of the security deposit and bond requirements as contemplated by §§ 981(a)(9) and 983.5. (D.14-08-043, at 20-23.)

The security deposit and bond requirements provided for in Sections 981 and 983.5 are a key component necessary to ensure that the Joint Utilities have sufficient funds to serve both

CTA customers and utility bundled customers in the event of a CTA default. The security deposit or bond amount should be calculated for each CTA based on the sum of the applicable re-entry fee as described in Section B.4 above and the incremental gas procurement cost calculation. In order to ensure the utility is able to recover the costs associated with serving CTA customers returning to bundled portfolio service in the event of a CTA default, the Joint Utilities propose that CTAs be required to maintain a security deposit or bond with the respective utility for each service territory in which the CTA serves CTA customers. This security deposit or bond should be the higher of \$100,000 or as described below for PG&E, SoCalGas and SDG&E. Given Southwest Gas' operational differences, Southwest Gas has provided an alternate calculation in Attachment B. The acceptable forms of security deposit and bond requirements should be as stated in the Joint Utilities' respective Gas Tariff Rules.

For CTAs that serve a total customer load equal to or less than 150 mdth/month¹⁶ (based on the highest monthly load over a 12-month rolling period at a holding company level) the CTA will be required to maintain a security/deposit/bond to cover the cost of:

1. The utility's Incremental Procurement Cost, which is equal to the highest monthly positive difference of applicable average of daily citygate gas prices publically posted by the Intercontinental Exchange (ICE)¹⁷ vs. the Weighted Average Cost of Gas (WACOG)¹⁸ in a given month during last 3 years (x) times the highest monthly load for CTA's aggregate customer load during the last 3 years, and,
2. The re-entry fee per returning customer as described in Section B.4.

¹⁶ The 150 mdth/month threshold is based on PG&E's customer demographics. While not providing a specific alternate at this time, SDG&E, and SoCalGas reserve the right to revise this threshold and make applicable to the CTA customers that they respectively serve based on their own customer service demographics.

¹⁷ It is the Joint Utilities' understanding that ICE may no longer publically publish gas indices sometime in the future. Hence, our recommendation would be to employ indices publically published by "NGI Daily" as a placeholder if ICE terminates its public listings. The utilities may engage in a further discussion of the appropriate and publically available published gas indices to employ for the calculation of the utility's incremental procurement cost for this situation.

¹⁸ Updates on the latest monthly WACOG are posted on the PG&E, SDG&E and SoCalGas websites.

For CTAs that serve a total customer load of over 150 mdth/month (based on the highest monthly load over a 12-month rolling period at a holding company level) the CTA will be required to maintain a security/deposit/bond to cover the cost of:

1. The Incremental Procurement Costs discussed above,
2. The re-entry fee per returning customer, and,
3. The cost of procuring pipeline capacity, which is equal to the average of the maximum tariff rate of the interstate pipelines from the gas source (e.g., Canada, Rockies, or the San Juan or Permian Basins) to California Border (x) times the highest monthly load for the CTA's aggregate customer load during the last 3 years.

On a tri-annual basis, corresponding with the CTA auction, the PG&E, SDG&E and SoCalGas propose that they would review existing security deposit or bond amounts and revise the required dollar amount that CTAs should maintain.¹⁹

G. Return notices and rate schedules for involuntarily returned customers as described in §§ 985 and 986. (D.14-08-043, at 33.)

As relayed previously, the Joint Utilities support continuing the existing practices for return notices and rate schedules applicable to former CTA customers.²⁰ In the event a CTA's Service Agreement is terminated, the utility will notify the customer of their return to bundled utility service by letter consistent with the utility's existing procedures and approved tariffs. The involuntarily returned CTA customers would then be placed on their otherwise applicable rate schedule as currently provided in the utility's tariffs.²¹

¹⁹ Southwest Gas would update the security deposit calculation annually.

²⁰ See Joint Utilities filing dated April 18, 2014

²¹ PG&E Gas Rate Schedule G-CT, Core Gas Aggregation Service, Special Condition, Termination Of Customer Authorization; SDG&E Gas Rule No. 32, Section A.3., *Termination of Customer Authorization For Core Aggregation Service*, Sheet 6; SoCalGas Rule No. 32, Section A.3.(10), Sheet 6; Southwest Gas, Rule No. 21, Section M.5, *Core Aggregation Transportation (CAT) Program, Termination of Service (Customer)*.

H. Determine whether specific rules for implementing the exemption in § 980(a) for small commercial customer accounts, whose loads are exclusively associated with noncore customer loads, are needed. (D.14-08-043, at 32.)

The Joint Utilities do not believe that any further action is required on this issue but reserve the right to provide comments in reply to any proposals that other stakeholders may put forward.

I. Should there be a common definition of “core customer,” as well as a common definition of “small commercial customer,” for PG&E, SDG&E, SoCalGas, and Southwest Gas. (D.14-08-043, at 32-33.)

The Joint Utilities do not believe the Commission needs to take further action to establish a common definition of “core customer” since Section 980(a) already provides a definition for “Core gas customers.” Each of the Joint Utilities’ existing tariffs defines a “core gas customer,” “core customer,” “core service,” or “core end-use customer.” Moreover, each tariff includes rules for defining the scope of a “small commercial customer” or “small business customer.” Consequently, the Joint Utilities believe it unnecessary to provide another definition. The Joint Utilities recommend that the Commission continue to rely on the definitions contained in the current Commission approved tariffs, especially for commercial customers. This is important because the definition of commercial customers is a key component built into the rate design for this group of customers, and is referenced repeatedly throughout the various applicable tariffs.

III. PROCEDURAL MATTERS

A. Hearings

The Joint Utilities do not propose hearings at this time, but reserve the right to request hearings if an issue of fact develops later in the proceeding that could best be resolved through the hearing process.

B. Workshops

The Joint Utilities support workshops sponsored by the Commission staff if the majority of parties participating in this case call for such workshops. The workshops would address the outstanding issues in this case.

C. Additional Comments

While the Joint Utilities have sought to respond comprehensively to all the main topics from the Ruling, given the breadth of items covered, there may be additional items deserving of additional comment. Thus, the Joint Utilities request leave to offer additional input as the proceeding progresses.

IV. CONCLUSION

The Joint Utilities appreciate the opportunity to provide these opening comments and look forward to continuing work on these important consumer protection issues for customers taking service from CTAs.

Respectfully submitted,²²

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PACIFIC GAS AND ELECTRIC COMPANY

On behalf of the Joint Utilities:
Pacific Gas and Electric Company
Southern California Gas Company
San Diego Gas & Electric Company
Southwest Gas Corporation

Dated: April 7, 2017

²² As permitted by Rule 1.8(d), Counsel for PG&E have been authorized to sign the Joint Utilities' Comments on behalf of SoCalGas, SDG&E and Southwest Gas.

Attachment A

Southern California Gas Company Residential Service								
Supplier	12-Month Average Gas Price (cents/therm)	20% CARE Discount Offered on Gas Price	Fixed or Variable Gas Price	Gas Price Term	Introductory Price	Early Termination Fee	Customer Charge (\$ per meter per day)	Baseline Transportation Charge (1) (cents/therm)
Southern California Gas Company	45.38	Yes	Variable	Monthly	No	No	\$0.16438	41.10
ABC Supplier								
XYZ Supplier								
(1) Illustrative residential bill comparison based on daily baseline levels (0.473 therms per day May through October; 1.823 therms per day November through April).								

Southern California Gas Company Core Commercial/Industrial Service								
Supplier	12-Month Average Gas Price (cents/therm)	20% CARE Discount Offered on Gas Price	Fixed or Variable Gas Price	Gas Price Term	Introductory Price	Early Termination Fee	Customer Charge (\$ per meter per day)	Tier 1 Transportation Charge (1) (cents/therm)
Southern California Gas Company	45.38	Yes	Variable	Monthly	No	No	\$0.49315	52.86
ABC Supplier								
XYZ Supplier								
(1) Illustrative core commercial/industrial bill comparison based on 250 therms per month.								

Pacific Gas and Electric Company Residential Service								
Supplier	12-Month Average Gas Price (cents/therm)	CARE Discount Offered on Gas Price	Fixed or Variable Gas Price	Gas Price Term	Introductory Price	Early Termination Fee	Customer Charge (\$ per meter per day)	Baseline Transportation Charge (2) (cents/therm)
Pacific Gas and Electric Company	51.88	Yes (1)	Variable	Monthly	No	No	N/A	53.29
ABC Supplier								
XYZ Supplier								
(1) PG&E's CARE discounts are provided through a per-therm adjustment to the utility transportation rates paid by all (both CTA and Bundled) customers. (2) Illustrative residential bill comparison based on daily baseline levels (0.59 therms per day April through October; 2.02 therms per day November through March).								

Pacific Gas and Electric Company Core Small Commercial Service								
Supplier	12-Month Average Gas Price (cents/therm)	CARE Discount Offered on Gas Price	Fixed or Variable Gas Price	Term	Introductory Price	Early Termination Fee	Customer Charge (\$ per meter per day)	Tier 1 Transportation Charge (2) (cents/therm)
Pacific Gas and Electric Company	49.84	Yes (1)	Variable	Monthly	No	No	\$2.14936	32.28
ABC Supplier								
XYZ Supplier								
(1) PG&E's CARE discounts are provided through a per-therm adjustment to the utility transportation rates paid by all (both CTA and Bundled) customers. (2) Illustrative core small commercial bill comparison based on 287 therms per month.								

Southwest Gas Corporation Residential Service								
Supplier	12-Month Average Gas Price (1) (cents/therm)	20% CARE Discount Offered on Gas Price	Fixed or Variable Gas Price	Gas Price Term	Introductory Price	Early Termination Fee	Customer Charge (\$ per day) (2)	Baseline Transportation Charge (3) (cents/therm)
Southwest Gas Corporation	SCA - 30.00 NCA/SLT - 26.85	Yes	Variable	Monthly	No	No	\$5.00	SCA - 89.88 NCA - 74.89 SLT - 40.37
ABC Supplier								
XYZ Supplier								
(1) Southwest Gas has three California rate jurisdictions (Southern California (SCA); Northern California (NCA); and South Lake Tahoe (SLT). For gas price purposes, NCA and SLT have the same gas price, therefore only two amounts are reflected in the table. (2) Southwest Gas assesses a flat monthly per meter Customer Charge. The Customer Charge is the same in each of Southwest Gas' three rate jurisdictions; therefore only one amount is reflected in the table. (3) Each of Southwest Gas' three rate jurisdictions have independent baseline transportation charges; therefore a rate for SCA, NCA, and SLT is reflected in the table.								

Southwest Gas Corporation Core Commercial/Industrial Service								
Supplier	12-Month Average Gas Price (1) (cents/therm)	20% CARE Discount Offered on Gas Price	Fixed or Variable Gas Price	Gas Price Term	Introductory Price	Early Termination Fee	Customer Charge (\$ per day) (2)	Tier 1 Transportation Charge (3) (cents/therm)
Southwest Gas Corporation	SCA - 30.00 NCA/SLT - 26.85	N/A	Variable	Monthly	No	No	\$11.00	Tier 1 Transportation Charge (First 100 therms) SCA - 82.41 NCA - 62.34 SLT - 51.56
ABC Supplier								
XYZ Supplier								
<p>(1) Southwest Gas has three California rate jurisdictions (Southern California (SCA); Northern California (NCA; and South Lake Tahoe (SLT). For gas price purposes, NCA and SLT have the same gas price, therefore only two amounts are reflected in the table.</p> <p>(2) Southwest Gas assesses a flat monthly per meter Customer Charge. The Customer Charge is the same in each of Southwest Gas' three rate jurisdictions; therefore only one amount is reflected in the table.</p> <p>(3) Each of Southwest Gas' three rate jurisdictions have independent Tier 1 transportation charges; therefore a rate for SCA, NCA, and SLT is reflected in the table. Tier 1 transportation charges relate to the first 100 therms. The next 500 therms are charged at \$0.66134 for SCA; \$0.50085 for NCA; and \$0.45054 for SLT. For Core Transportation customers, a monthly Transportation Service Charge of \$780 per month is assessed. This charge would apply to CTAs.</p>								

Attachment B

Southwest Gas Security/Deposit/Bond Calculation

To ensure that Southwest Gas is able to recover the costs associated with serving a CTA's customers that return back to Southwest Gas' bundled portfolio where the CTA no longer purchases gas for its former customers, CTAs will be required to maintain a security/deposit/bond of the higher of \$20,000 or as described below.

A. For CTAs serving customers in Southwest Gas' Southern California service territory:

For CTAs that serve total customer load equal to or less than 3.5 mdth/month (based on the highest monthly load over a 12 month rolling period at a holding company level) the CTA will be required to maintain a security/deposit/bond to cover the cost of:

1. Southwest Gas' Southern California Incremental Procurement Cost - the highest monthly positive difference between: 1) the average of Platts Gas Daily SoCalGas City Gate gas prices plus the average per Dth Southwest Gas paid in intrastate transportation charges over the prior 3-year period, and 2) Southwest Gas' Weighted Average Cost of Gas (WACOG) for gas delivered to its Southern California service territory, including all upstream interstate and intrastate transportation charges in a given month during last 3 years, times the highest monthly load for CTA's aggregate customer load during the last 3 years; and
2. \$8.28 per returning customer; The re-entry fee of \$8.28 represents the administrative cost to process a customer's request to return to bundled gas service.

For CTAs that serve total customer load over 3.5 mdth/month (based on the highest monthly load over a 12 month rolling period at a holding company level) the CTA will be required to maintain a security/deposit/bond to cover the cost of:

1. Southwest Gas' Southern California Incremental Procurement Costs, as calculated above;
2. \$8.28 per returning customer; and,
3. the cost of procuring pipeline capacity - the sum of the highest maximum tariff rate on all interstate and intrastate pipelines from the Company's chosen gas source (e.g., Rockies, San Juan, Permian, etc.) to Southwest Gas' city gate with upstream intrastate pipelines times the highest monthly load for CTA's aggregate customer load during the last 3 years.

B. For CTAs serving customers in Southwest Gas' Northern California service territory:

For CTAs that serve total customer load of equal to or less than 6.8 mdth/month (based on the highest monthly load over a 12 month rolling period at a holding company level) the CTA will be required to maintain a security/deposit/bond to cover the cost of:

1. Southwest Gas' Northern California Incremental Procurement Cost - the highest monthly positive difference between: 1) the average of Platts Gas Daily PG&E, Malin gas prices plus the average per Dth Southwest Gas paid in transportation charges to Tuscarora Pipeline and Paiute Pipeline over the prior 3 year period, and 2) the Weighted Average Cost of Gas (WACOG) for gas delivered to its Northern California service territory, including all upstream interstate and intrastate transportation charges in a given month during last 3 years (x), times the highest monthly load for CTA's aggregate customer load during the last 3 years; and
2. \$8.28 per returning customer; The re-entry fee of \$8.28 represents the administrative cost to process a customer's request to return to bundled gas service.

For CTAs that serve total customer load of over 6.8 mdth/month (based on the highest monthly load over a 12 month rolling period at a holding company level) the CTA will be required to maintain a security/deposit/bond to cover the cost of:

1. Southwest Gas' Northern California Incremental Procurement Costs, as calculated above;
2. \$8.28 per returning customer; and
3. the cost of procuring pipeline capacity - the sum of the highest maximum tariff rate on all interstate pipelines from the Company's chosen gas source (e.g., Canada, Rockies, San Juan, etc.) to Southwest Gas' Northern California city gate(s) with Paiute Pipeline times the highest monthly load for CTA's aggregate customer load during the last 3 years.

C. On an annual basis, corresponding with the CTA auction, Southwest Gas will review existing security/deposit/bond amount and revise the required dollar amount that CTAs should maintain.